

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY LA PAZ PRIORITY

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E.O. 11652, N/A

TAGS: ETRD, BL

SUBJECT: SUSPENSION COTTON CONTRACTS

1. FOLLOWING TELEGRAM SENT BY U.S. COTTON BROKER, COOK INDUSTRIES, INC., MEMPHIS, TENN., TO REPRESENTATIVE IN MEXICO CITY, JACK BARNETT, WITH VIEW BARNETT MAKING PERSONAL APPROACH TO BOLIVIAN COTTON PRODUCERS ASSOCIATION:

QUOTE: FOMENTO INDUSTRIAL Y COMERCIAL, S.A. A PANAMANIAN CORPORATION, WHOLLY OWNED SUBSIDIARY OF COOK INDUSTRIES INC. MADE THREE CONTRACTS COVERING THE PURCHASE OF BOLIVIAN RAW COTTON, 1973 CROP, WITH ASOCIACION DE PRODUCTORES DE ALGODON (ADEPA) CASILLA 1125, RENE MORENO 215 - 1ER PISO SANTA CRUZ DE LA SIERRA BOLIVIA.

WE LIST AS FOLLOWS THESE

CONTRACTS QUOTING IN EACH CASE THE CONTRACTED PRICE

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FOR STRICT MIDDLING QUALITY, PER NET LB., FOB STEAMER

BUENOS AIRES ARGENTINA.

CONTRACT NUM.	DATE	BC CONTRACTED	PRICE
6-10 1	JAN. 11, 1973	30,000	35.75
9-10-2	MCH 15, 1973	9,500	38.25
13-10-3	APR 19, 1973	6,000	40.20

THE ABOVE COTTON WAS FOR DELIVERY DURING THE MONTHS OF MAY TO AUGUST 1973. THIS COTTON HAS BEEN RESOLD BY US TO OUR CUSTOMERS IN EUROPE AND ASIA. ADEPA COMMENCED MAKING DELIVERY TO US AND AS OF TODAY 2521 BALES HAVE BEEN LOADED UPON VESSELS IN BUENOS AIRES.

AN ADDITIONAL NUMBER OF BALES IS PRESENTLY AT BUENOS AIRES AWAITING SHIPMENT ON VESSELS. AN ADDITIONAL AMOUNT HAD ALREADY BEEN PRESENTED TO US FOR QUALITY INSPECTION IN SANTA CRUZ.

LS/C HAVE BEEN OPENED BY US AS PER CONTRACT. DOCUMENTS COVERING THE 2521 BALES ABOARD STEAMERS ARE PRESENTLY BEING PROCESSED FOR COLLECTION AGAINST THESE CREDITS.

ON JULY 3RD 1973 ADEPA ANNOUNCED THAT THEY WERE REFUSING TO DELIVER TO US ANY COTTON OVER AND ABOVE THE 2521 BALES ON BOARD VESSELS AND IMMEDIATELY STOPPED DELIVERIES ON ALL COTTON INCLUDING PORT STOCKS IN BUENOS AIRES. THE ONLY EXPLANATION GIVEN US BY ADEPA IS THAT THEY INSIST WE PAY THEM A PRICE HIGHER THAN THOSE PRICES AT WHICH THE COTTON WAS CONTRACTED ON A FIRM BASIS. WE ARE REFUSING TO DO THIS AND ARE DISMAYED AT THE UNILATERAL ACTION TAKEN BY ADEPA IN THIS CASE. UNQUOTE.

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2. EMBASSY REQUESTED INTERVENE ON BEHALF COOK INDUSTRIES AND IF FACTS OF CASE AS REPRESENTED MAKE CLEAR STATEMENT OF SUPPORT FOR COOK-S POSITION TO APPROPRIATE GOB OFFICIALS. SUGGEST EMBASSY STRESS FACT THAT CONTRACTS ARE LEGAL OBLIGATIONS NEGOTIATED IN GOOD FAITH AND THAT USG FULLY EXPECTS SUCH CONTRACTS TO BE HONORED. RUSH

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